UNIVERSITY-AGRIBUSINESS INTERACTION: A COMMENT

Raymond A. Dietrich

Varying perspectives of agricultural economics research were offered at the Southern Agricultural Economics Association's 1975 winter meetings [1, 2, 3, 4, 5, 6]. However, important elements of the university-agribusiness interface, which claimed a morning session of these meetings and was led by industry leaders, never reached journal print. Thus, printing of some subsector views, such as the livestock industry, was disallowed. This comment specifically addresses university industry interactions that should be aired.

Events of the past three years suggest that future agribusiness decision-making will likely be conducted in an atmosphere of accelerated economic change and highly volatile and changing world economic conditions. With this as a preamble, questions arise concerning the ability of agricultural economists to service agribusiness firms in such an economic environment. I hypothesize that university-agribusiness interaction in this type environment is not only necessary, but essential for achieving an efficient agricultural production and distribution system.

In order to achieve greater excellence in agricultural economics teaching, research and extension programs at universities and governmental agencies, it appears appropriate and beneficial for the agribusiness sector to, periodically, critically evaluate products produced under the banner of agricultural economics. These products may be broadly defined as the graduate for the business or professional world, research programs and resulting research publications, and educational activities of extension personnel.

Since economics is concerned with allocation of scarce resources in production of goods and services to satisfy human wants, we as agricultural economists, bearing some semblance of a "scarce resource," are also concerned with utilizing our resources in an optimal manner.

THE GRADUATE QUALITY

First, let us look at the graduate in agricultural economics. Estimates are that from 20 to 25 percent of undergraduates in agricultural economics are employed by industry or the business world upon graduation. These statistics suggest that industry has a big stake in the agricultural economics graduates produced at various universities and colleges.

According to various corporation managers, and from my research experiences with numerous slaughtering firms, meat wholesalers, retailers and commercial feedlot managers, employers were usually well-satisfied with agricultural economists on their payroll. These firms were generally satisfied with the technical training these undergraduates had received. However, in subsequent personal visits with managers, they generally confided that additional training for undergraduates in such areas as business management, personnel management and communications would be highly desirable. Some employers simply stated that a graduate with an agricultural background with adequate training in basic economics, management and accounting was generally preferred. An important concern in designing undergraduate curricula is finding the best approach for encouraging industry participation in designing degree programs that produce a product that is better tailored to the needs and desires of industry.

Raymond A. Dietrich is an Associate Professor, Texas Agricultural Experiment Station and Department of Agricultural Economics, Texas A&M University, College Station, Texas.

RESEARCH

The domestic and foreign problems of agriculture and food will likely become more complicated in the years ahead. This will likely necessitate a certain degree of flexibility in research programs to cope with highly volatile agricultural problems. Of paramount importance in designing projects is (1) the type of problem or problems to be researched and (2) organization of the research effort. I hold the philosophy that a good researcher should generally anticipate problems before they are recognized by the general public and, often, even by industry. Professional researchers would find it very beneficial if representatives of the livestock and meat industry, including various sectors of the food and fiber industry, would periodically visit with researchers to discuss relevant problems areas.

The general public, including food and fiber industries, are recipients of research products or services produced by agricultural economists. However, these industries have generally not taken the opportunity to offer any significant input, on a voluntary basis, into the research direction or specific research programs developed. Yet, these industries hopefully are some of the prime beneficiaries of our research efforts. A haunting fear of many a researcher, and rightfully so, concerns timeliness and especially usefulness of his research program. In research, as well as our teaching programs, quality could hopefully be enhanced if industry provided greater input in developmental stages of such programs.

ECONOMIC FORECASTING

With regard to "public forecasters" and other types of agricultural statisticians and economists who prepare annual or periodic estimates and projections, it is generally acknowledged that these professionals have performed very adequately. However, we must be realistic and acknowledge that forecasts and estimates are occasionally incorrect—often by a wide margin. Witness the critical situation in the cattle industry today. Less than three years ago, many government officials who have access to latest and best available estimates and forecasts of the U.S. Department of Agriculture, admonished cattle producers to increase cow herds to offset the impending protein shortage, especially in red meat production. The large financial losses and problems experienced by cow-calf producers and cattle feedlot operators in the interim are history.

We can acknowledge that this situation is the product of a variety of factors, including surplus feeder cattle supplies resulting from an over-expanded cow herd, high feed grain prices and relatively low feed grain production in 1974, greatly expanded exports of feed grains, two-digit inflation, etc. But, given development of sophisticated estimation techniques, improvement in data collection by the Statistical Reporting Service and highly elaborate computer systems, why did forecasting experts not recognize impending problems of over-production facing cow-calf producers so that warning flags could have been raised in sufficient time to affect appropriate decision making?

Important questions include: (1) Could over-expansion of beef cow numbers have been averted with closer interaction between industry and the University-U.S. Department of Agriculture complex, (2) Should estimating techniques be revamped since we appear to have some problem in predicting such things as cattle cycles, even though up to this time, they have occurred on a fairly regular basis, (3) Do we need to develop better or different estimating techniques at university levels so that this knowledge can be used for improved decision making at all levels and (4) Do we need to develop a broader and more detailed data base for improved estimating and forecasting results?

SUMMARY

It would appear that closer cooperation and more interaction between industry and institutions of higher learning, including research and extension agencies, are paramount if the industry and the university-agribusiness complex are to improve upon goods and services currently produced. In addition, future problem-solving and decision-making in a rapidly changing and volatile economic environment, domestic and abroad, may become increasingly dependent upon reservoirs of knowledge and experience within agribusiness firms and universities.

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